

# PROPERTY TAX ON JOINT COUNTY-CITY BUILDINGS

## **Prior Law**

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A county, along with its county seat, can establish an “authority” for the purpose of operating a joint county, city, or school district building. The “authority” then leases the building to the county or city.

The county or city could then levy and collect, on behalf of the “authority,” basic property tax levies sufficient to pay the annual rent. The tax revenue was credited to the debt service fund of the county or city.

The county board of supervisors could certify supplemental levies to the extent basic levies were insufficient to pay rent to the “authority.” In addition, a city could certify additional taxes sufficient to pay annual rent under the lease.

## **New Provisions**

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Taxes realized from the tax levy imposed by a county or city for a joint county-city building must now be deposited into a *separate* account in the applicable county or city debt service fund for the payment of the annual rent.

The county board of supervisors or the city may no longer certify supplemental levies to the extent basic levies are insufficient to pay the charges of the “authority” for control of joint county-city property. Additionally, property taxes levied and collected for the purpose of paying annual rent on joint county-city buildings cannot be subject to tax increment financing.

## **Sections Amended**

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Section 1 of 2012 Iowa Acts Senate File 2137 amends section 331.424, subsection 1, paragraph a, Code 2011, by striking the subparagraph (5). Section 2 amends section 331.430, Code 2011, by adding the new subsection 6. Section 3 amends section 346.27, Code 2011, by amending subsection 22. Section 4 amends section 384.4, Code 2011, by adding the new subsection 4. Section 5 amends section 384.12, Code 2011, by striking subsection 15. Section 6 amends section 403.19, Code Supplement 2011, by amending subsection 2.

## **Effective Date**

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July 1, 2012 for property taxes due and payable in fiscal years beginning on or after July 1, 2013.